Manitoba

ANNUAL REPORT

1989-90

Manitoba
Horse Racing
Commission

Dan F. Williams, Q.C., Chairman
Ian A. MacKenzie, Vice Chairman
Adele Chornoby, Member
Catherine Mollard, Member
Jim Moore, Member

MANITOBA HORSE RACING COMMISSION
Box 40, Station A, Winnipeg, Manitoba R3K 1Z9 Tel. (204) 885-7770 Fax (204) 831-0942

May 25, 1990

Minister
Industry, Trade & Tourism
Room 358
Legislative Building
Winnipeg, MB
R3C OV8

Attention: The Honourable James Ernst

Dear Sir:

The undersigned has the honour to present the Twenty-Fourth Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 1990.

Yours truly,
MANITOBA HORSE RACING COMMISSION

Dan Williams

Dan F. Williams, Q.C.
Chairman
DFW/mm

91-01452/

TWENTY-FOURTH ANNUAL REPORT

THE MANITOBA HORSE RACING COMMISSION

for the year ending March 31, 1990

COMMISSIONERS

Dan F. Williams, Q.C.	Chairman	Winnipeg
Ian A. MacKenzie	Vice Chairman	Portage la Prairie
Adele Chornoby	Member	Winnipeg
Katherine Mollard	Member	Stonewall
James Moore	Member	Winnipeg

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TWENTY-FOURTH ANNUAL REPORT

THE HORSE RACING COMMISSION

GENERAL

This report covers the twelve months ended March 31, 1990.

Thoroughbred Racing

Despite the best efforts of all parties in the industry - the race track, the horsemen's groups and the Province - financial and spectator support for the industry continues to slide. As a result, in spite of an increase in the number of race days, the total handle declined from 1988 levels by some $3,255,000, and the average daily handle declined approximately 9% from $355,257 to $322,212. However, as a result of continued enlightened support by the Provincial Government, the average per race purse support was maintained slightly in excess of 1988 levels, up from $3,143 to $3,172 per race. While the industry continues to vigorously compete with all other forms of live and televised entertainment, and all other gaming opportunities available to the general public, it is proving to be an ever increasingly difficult task, and continued Government support at existing levels will be required if this vital industry is to remain viable in the Province.

On the basis of actual racing entertainment, however, a different picture emerges and 1989 proved to be a banner year for racing in Manitoba, culminated by the most spectacular single day of racing in Western Canada for many years having taken place at Assiniboia Downs on the September long-weekend of 1989. On that day, legendary Jockey Willie Shoemaker chose to ride in Winnipeg as part of his farewell tour, much to the delight of not only the industry but also his many fans and supporters and, indeed, the general public of Manitoba. However, even the attendance of Mr. Shoemaker was overshadowed on that date by the performance of Manitoba owned and Manitoba bred horses, and the athletic performance of Manitoba jockeys. Manitoba was the first Canadian jurisdiction to authorize legalized pari-mutuel amateur races in 1988, and, building on the success of the initial offering, the concept was expanded to include separate male and female divisions during 1989. These races were not only extremely well received as a spectator interest diversion, but also attracted a great deal of pari-mutuel activity, out-performing even the professional card in most cases.

The amateur races were highlighted by the performance of the female rider representing Manitoba who won her division in the international competition featuring top amateur female riders selected from Canada, Europe and the United States, and that rider then, incidently, went on to claim the title of Canada's amateur female jockey for 1989.

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On that same date, with $300,000 in purses offered (a single day record), Manitoba bred horses turned back competition from Eastern and Western Canada to win most of the stake money available, and a local Manitoba jockey was successful in defeating the veteran Shoemaker in the final stake of the day, much to the delight of the partisan Manitoba crowd.

Earlier in the year, another highlight for Manitoba racing occurred when a Manitoba owned horse captured the Manitoba derby for the first time since 1978 in fierce competition with quality horses shipped in from Eastern and Western Canada and the United States, and again, the winning jockey was a Manitoba born and trained rider.

Also, during the past year a Manitoba bred and Manitoba owned colt sold for $100,000 U.S. funds at a sale held in the United States, a record for a Manitoba bred horse sold at public auction which, together with the success of the annual yearling sale, and the record of Manitoba bred horses against outside competition underlines the overall quality and benefits of the Manitoba Breeders' and Owners' Incentive Program funded by the Province of Manitoba.

Standardbred Racing

The exact status of this industry is difficult to determine based on the statistics available from the recent year's activities, since during that period of time simulcast racing resumed to Saskatchewan, live daily television coverage of racing was re-introduced and was eventually extended to blanket Winnipeg as well as cover most of south central Manitoba, and a chain of teletheatres was phased in across the Province. The net result was that statistically there was a slight increase in total handle of approximately $500,000, representing a net increase of 3.5% over the previous year, but the daily average handle fell by $5,000, a decrease of the same 3.1%, which was the result of an increase in race days from 87 to 93. Additionally, a further statistic to be considered is the fact that the average daily handle at

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Assiniboia Downs declined a startling 16% which would seem to indicate a shift in betting patterns from live attendance and betting to teletheatre and telephone account betting. In any event, it is clear from the statistics available that the industry continues to struggle to remain viable, and will require at least the same level if not increased support to survive. On that level, it is important to note that due to the continued maximum support offered by the Provincial Government, the purses paid to the horsemen increased slightly from $1,227 per race to $1,365 per race notwithstanding the stagnation in the growth of the mutuel handles.

The resumption of simulcasting to Saskatchewan resulted in a significant infusion into the purse pool at Assiniboia Downs from that source, and also proved to be a necessary and welcome source of additional revenue for the Association enabling it to continue to offer live winter racing notwithstanding the marginal fan support for the industry during the months of inclement weather.

With respect to the rural racing scene, once again inclement weather wreaked havoc with the week-end schedule resulting in a decline in actual days raced from the 1988 level of 32 to 27 only. This naturally resulted in a serious reduction in mutuel handles, which dropped from the previous year's $928,500 to $768,800. However, there was a small note of encouragement in that the average daily attendance on the days when the circuit was in fact able to offer racing increased slightly from 1,212 to 1,230 persons, and the circuit was able to increase the average race purse from $1,119 to $1,137, due mainly to the continued firm and welcome support of the Provincial Government. Also, during the year, the existing circuit was consolidated, and no further members withdrew in whole or in part over the year. All members remain enthusiastic and optimistic with respect to the future of the circuit, and continue to endeavour to plan increasingly successful annual meets.

One further bright note was the fact that North Dakota was able to offer two weekends of harness racing in conjunction with the Manitoba Great Western Harness Racing Circuit, and that a large contingent of Manitoba horsemen successfully competed in those two meets. It is expected that the meets will continue for the 1990 season and perhaps will be expanded to include further centres and possibly to provide a racing opportunity between the close of the fair circuit and the opening of the fall campaign at Assiniboia Downs.

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Quarter Horse Racing

Quarter Horse racing once again proved to be a very successful spectator sport at Rossburn, but a rather poor pari-mutuel attraction as the majority of the many persons in attendance at the two day race meet continued to decline to take part in the pari-mutuel activities available. On the other hand, an expanded Quarter Horse program was offered at Assiniboia Downs during the Thoroughbred meet, and the amount bet on these races increased significantly and added a substantial sum to the Thoroughbred handle. The average daily handle on the Quarter Horse races approximated the average daily handle bet on Thoroughbred races offered during the same period of time.

Future Outlook

The industry in Manitoba continued to lead the country in innovation and aggressiveness, with the result that the first teletheatres in Canada were opened in December of 1989, and ultimately a chain of 11 theatres has been established. Preliminary results are available from the last half of the Standardbred meet, and while these indicate the theatre betting outlets meet the expectations of not only the racing industry but also the hotel and restaurant industry, it would appear that perhaps the theatres have not as yet achieved their goal of expanding the base of fan support and attracting new fans to the industry. It would appear that, rather, the theatres in conjunction with the expanded home television coverage have prompted a shift from live attendance and betting at Assiniboia Downs to either attendance at betting theatres or increased telephone account betting. However, to date insufficient data is available to properly assess the impact of the betting theatres on the industry and the industry remains optimistic that these theatres will serve their ultimate purpose of providing stability to the industry and in perhaps expanding the popularity and fan base in competition with the other gaming and entertainment and sporting events available to Manitobans. The Association has continued its aggressive marketing campaign in its attempt to derive more income for itself and the horsemen from the existing industry, and to this end was able to secure contracts for the simulcasting of Manitoba races to Saskatchewan for most of the previous year's Harness meet, as well as a portion of the Thoroughbred meet, and recently has contracted with North Dakota

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to furnish the entire 1990 Thoroughbred race card to the chain of eight teletheatres opened in North Dakota during 1990. In addition, sales of local simulcasts were successfully made to tracks in Alberta, all of which has resulted in additional needed revenue for the horse industry in this Province.

However, at the same time, increased competition has arrived in the form of the full-time expanded casino opened in downtown Winnipeg during 1989, and from the Western Canada Lotteries embarking on a pseudo sports betting operation, which, if expanded, will in all likelihood cut even more deeply into the available gaming resources in this Province.

Security

While the Commission continued its successful mandatory random drug testing and daily alcohol breathalyser testing for all participants, emphasis has been shifted to education, prevention and rehabilitation in accordance with the commitment given by the Commission when drug testing was introduced in Manitoba during 1986. To this end Manitoba became the only Canadian jurisdiction successful in attracting a sizeable donation from an American philanthropist for the purpose of establishing a substance abuse program for the Manitoba racing industry, and the Commission was instrumental in providing and soliciting the required matching contribution from the industry in this Province, with the result a creditable program is firmly in place for racing licensees and their dependants and associates, which will undoubtedly lead to a finer quality of life for the licensees and a greater financial return for the industry as a whole.

Rulings, Fines and Appeals

The Thoroughbred meet saw 94 rulings being issued resulting in 45 fines totalling $3,200; 10 suspensions totalling 28 days and 2 indefinite suspensions. There was 1 appeal which was upheld. In addition the Commission re-heard an appeal from a 1988 decision as a result of a court order, and that appeal was upheld as well. The Thoroughbred meet saw 72 horses claimed for a total of $301,550.

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The Standardbred meet saw 91 rulings resulting in fines totalling $7,625. There were 51 horses claimed during the meet for a total of $151,075. There were 3 appeals under which all the Judges' decisions were upheld in whole or in part.

Drug Control (Equine)

There was one positive finding during the Thoroughbred meet resulting in a 15 day suspension and a $250 fine.

The Standardbred meet had three positives resulting in two fines and one suspension.

It was found that there was no deliberate attempt to influence the outcome of a race, but, rather, the positive was a result of negligent barn and medication practices.

Statistical Information

Statistics supplied by outside parties have not been verified by the Commission.

SCHEDULE A

Thoroughbred Racing - Assiniboia Downs

	1989	1988
* Pari-Mutuel Handle	$ 38,665,386	$ 41,920,375
* Number of Race Days(Live & S.Cast)	120	118
* Average Daily Handle	322,212	355,257
* Attendance (Live & Simulcast)	354,069	356,203
* Average Daily Attendance	2,951	3,019
* Per Capita Wagering	109	118
Gross Purses	3,730,165	3,623,713
Number of Races	1,176	1,153
Per Race Purse Average	3,172	3,143
Federal Takeout	309,323	335,363
Provincial Takeout	3,555,664	3,803,284

Provincial Support Programs

	1989	1988
3% Prov. Govt. Rebate	$1,159,962	$ 1,257,611
Purse Support (Overnight)	1,391,178	1,482,438
Purse Supplements	289,305	227,477
Breeder Takeout Support		67,073
Purse Stakes Support	102,860	110,500
Breeder Awards	160,750	147,303
Stallion Awards	33,538	30,415
C.T.H.S. Administration	43,375	43,375
Sales Stake		17,892
TOTAL	$3,180,968	$ 3,384,084

* Includes Simulcast Racing On Days When No Live Racing Took Place

SCHEDULE B

Standardbred Racing - Assiniboia Downs

	1989/90	1988/89
Pari-Mutuel Handle		
Assiniboia Downs	$12,793,124	$14,240,283
Betting Theatre	1,952,598	
Total:	$14,745,722	$14,240,283
Number of Race Days	93	87
Average Daily Handle (ASD)	137,560	163,681
Attendance (ASD)	99,467	101,136
Average Daily Attendance (ASD)	1,070	1,162
Per Capita Wagering (ASD)	129	141
Gross Purses	1,352,797	1,152,073
Number of Races	991	939
Per Race Purse Average	1,365	1,227
Federal Takeout (Total)	117,966	113,922
Provincial Takeout (Total)	1,433,312	1,365,917
**Simulcast Handle - Out of Province	3,153,211	1,378,311

Provincial Support Programs

	1989/90	1988/89
Purse Support (Overnight)	$ 622,086	$ 666,245
Purse Support (Overnight Teletheatre)	94,570	
Breeders Owners Awards (Teletheatre)	35,992	
Sires Stakes	137,500	155,000
Breeders Awards	53,859	37,312
Owners Awards	53,883	37,296
* M.S.S. & B.A Administration	4,500	22,000
TOTAL	$ 1,002,390	$ 917,853

* Part of 1989/1990 fiscal year funds for 1989 calendar year advanced in 1988/1989 fiscal year

**Province of Manitoba receives no direct revenue from this handle

SCHEDULE C

Standardbred Racing - Rural Circuit

	Racing Days		Amount Wagered	
	1989	1988	1989	1988
Carberry	1	2	$ 31,885	$ 57,047
Carman	2	2	58,107	62,965
Deloraine	2	2	54,482	50,196
Glenboro	1	4	23,659	122,434
Holland	2	3	63,001	84,306
Killarney	3	3	85,787	98,397
Minnedosa	2	2	63,622	60,263
Pilot Mound	2	3	54,376	88,202
Portage	3	4	104,133	125,707
Virden	1	2	21,764	50,265
Wawanesa	2	2	65,101	53,143
Miami	6	3	142,898	75,624
TOTALS	27	32	$ 768,815	$ 928,549

Other Comparative Statistics

	1989	1988
Attendance	33,223	38,795
Average Daily Attendance	1,230	1,212
Gross Purses	$325,056	$377,061
Per Race Purse Average	$ 1,137	$ 1,119

Provincial Support Programs

	1989	1988
Purse Supplements	$135,850	$149,150
Breeders/Owners Awards	63,358	63,400
Sires Stakes	20,000	20,000
Grants	18,721	17,928
TOTALS	$ 237,929	$250,478
Per Capita Wagering	$ 23.14	$ 23.93

SCHEDULE D

Quarter Horse Racing

	1989	1988
Pari-Mutuel Handle		
Rossburn	$ 7,202	$ 5,670
Racing Days		
Rossburn	2	2
Provincial Support Program		
Purse Supplements	6,900	6,600
Sires Stakes	4,000	5,000
Administration Grant	500	500
TOTAL	$ 11,400	$ 12,100

SCHEDULE E

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registrations for the year ending March 31, 1990

Licenses	Thoroughbred	Standardbred
Owner	979	325
Owner/Trainer	134	68
Owner/Driver		8
Trainer	42	7
Assistant Trainer	13	
Owner/Trainer/Driver		85
Jockey	35	
Apprentice Jockey	67	
Driver		2
Driver/Trainer		2
Jockey Agent	9	
Veterinarians	4	1
Officials	5	4
Tradesmen	33	30
Backstretch	313	74
Association	198	142
Sponsored Person	598	143
Assistant Veterinarian	3	
Quarter Horse Ast. Jockey	16	
Quarter Horse	149	
TOTAL LICENSES ISSUED:	2598	891

Registrations	Thoroughbred	Standardbred
Partnerships	240	64
Stable Names	160	11
Colours	32	
Leases	26	
Authorized Agents	201	18
Open Claims	16	

Manitoba

THE HORSE RACING COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B and C, of The Horse Racing Commission for the year ended March 31, 1990. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

Note 2 reflects that the Commission's unfunded pension liability as at December 31, 1989 was $74,639 (1988-$56,370). Had this unfunded pension liability and the associated pension cost been recorded in the financial statements, the Commission's liabilities would have increased by $74,639 (1989-$56,370), the funds available for future operations would have decreased by that amount, and the Commission's pension costs would have increased by $18,269 for the year ended March 31, 1990 (1989-$16,022).

In our opinion, except for the failure to record the information referred to in the preceding paragraph, these financial statements present fairly the financial position of the Commission as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

May 1, 1990,
Winnipeg, Manitoba.

THE HORSE RACING COMMISSION

Balance Sheet
as at March 31, 1990
(with 1989 figures for comparison)

	1990	1989
A S S E T S		
Current assets:		
Cash on hand and in bank	$ 292,022	$ 383,882
Account receivable - other	-	50
Grant receivable - Government of the Province of Manitoba	30,378	-
	$ 322,400	$ 383,932
L I A B I L I T I E S		
Current liabilities:		
Accounts payable and accrued liabilities	$ 19,049	$ 45,792
Advance - Government of the Province of Manitoba (Note 3)	200,000	177,285
Deferred revenue	6,575	7,700
	225,624	230,777
Funds held in trust (Note 4)	-	18,192
Funds available for future operations, Exhibit B	96,776	134,963
	$ 322,400	$ 383,932

THE HORSE RACING COMMISSION

Exhibit B

Statement of Revenue and Expenditure and Funds Available for Future Operations
for the year ended March 31, 1990
(with 1989 figures for comparison)

	1990	1989
Revenue:		
Grant from the Government of the Province of Manitoba	$ 434,000	$ 519,000
Fees, licences and fines (Note 5)	138,970	141,524
Interest	31,441	21,402
Sundry	77	1,386
	604,488	683,312
Expenditure:		
Advertising and promotion	2,082	3,294
Commissioners' per diem and honoraria	78,983	80,331
Drug, alcohol and security	30,805	23,947
Employee benefits	27,260	27,969
Equipment and office furniture	1,783	9,975
Equipment rentals	9,696	11,235
Health and post secondary education tax levy	3,808	8,846
Hearings and appeals	6,890	10,130
Memberships and dues	6,227	6,063
Office	5,636	8,005
Professional fees	27,157	26,480
Recruiting costs	2,864	2,074
Repairs and maintenance	10,137	10,748
Research grant	5,000	5,000
Salaries:		
Administration	73,396	70,558
Security	24,815	35,113
Stewards and judges	220,650	183,995
Veterinarian services	64,763	66,970
Sundry	4,296	21
Telephone	8,528	8,951
Travel	27,899	28,175
	642,675	627,880
Revenue over (under) expenditure	(38,187)	55,432
Funds available for future operations at beginning of period	134,963	79,531
Funds available for future operations at end of period, Exhibit A	$ 96,776	$ 134,963

THE HORSE RACING COMMISSION

Statement of Government Grant Receipts
and Disbursements
for the year ended March 31, 1990
(with 1989 figures for comparison)

	1990	1989
Grant received from the Government of the Province of Manitoba	$ 4,432,687	$ 4,564,515
Grants disbursed:		
Thoroughbred		
Overnight purse support	$ 2,551,140	$ 2,740,050
Owners/breeders incentive	586,453	600,659
C.T.H.S. administrative grant	43,375	43,375
Standardbred		
Overnight purse support	716,656	666,245
Owners/breeders incentive	281,234	229,608
M.S.S.& B.A. administrative grant	4,500	22,000
Standardbred rural		
Overnight purse support	135,850	149,150
Owners/breeders incentive	63,358	63,400
Stakes program	20,000	20,000
Grants	18,721	17,928
Quarter horse		
Overnight purse support	6,900	6,200
Stakes program	4,000	5,000
M.Q.H.S. administrative grant	500	900
	$ 4,432,687	$ 4,564,515

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1990

1. Nature of the operations

The objectives of the Commission are to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba. In addition, the Commission acts as a conduit for support grants between the Government of the Province of Manitoba and the horse racing industry.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Administrative grant monies drawn down in excess of actual expenses are retained by the Commission as "funds available for future operations". However, such funds available for future operations reduce subsequent administrative grant requirements.

2. Significant accounting policies

An accrual basis of accounting is followed except for:

i) Capitalization and depreciation

The costs of building renovations, purchases of equipment and office furniture, are charged directly to operations. Accordingly depreciation is not provided for in the accounts.

ii) Pension liability and expense

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission will be required to contribute 50% of the pension disbursement made to retired employees. Such payments are to be charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Commission's employees amounted to $74,639 as at December 31, 1989 ($56,370 - December 31, 1988).

iii) Support grants

Support grants are recorded on a cash basis and are reflected separately (Exhibit C) from the general administrative activities of the Commission.

iv) Printing rule books

The cost of printing rule books is charged to operations once they are approved for printing.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1990

3. Advance - Government of the Province of Manitoba

The working capital advance is provided interest free to the Commission by the Government of the Province of Manitoba.

4. Funds held in trust

Funds held in trust represented a liability incurred by contractual arrangement with the Canadian Thoroughbred Horse Society (C.T.H.S.) as part of the 1989 Breeder and Owners Incentive Program Award. The costs were included in 1989 Thoroughbred Owner/Breeder incentive grants on Exhibit C. This liability was discharged during 1990.

5. Fees, licences and fines

	1990	1989
Thoroughbred		
Daily licences	$ 34,800	$ 35,400
Fees and licences	50,360	52,765
Fines	3,980	6,350
	89,140	94,515
Teletheatre	2,800	-
Standardbred		
Daily Licences	26,625	25,500
Fees and licences	10,065	10,195
Fines	10,340	11,314
	47,030	47,009
	$ 138,970	$ 141,524